nationalgridESO

Response to Outstanding Questions for 2020-21 Mid-year Stakeholder Event

20 November 2020

Role 1

Q1 We understand why the Sizewell B contract was needed at the beginning of lockdown. What was the rationale for extending? Could you have used ODFM instead?

Answer:

ODFM allowed the ESO to obtain services from embedded assets that are not participating in the balancing mechanism and was used over Spring/Summer 2020 to balance the system during very low demand periods when generation risked exceeding demand. The Sizewell issue was due to the potential size of the loss in power infeed due to a single fault which could cause instantaneous frequency issues. ODFM could not have helped this. An alternative solution would have been to carry more reserve (i.e. additional generation) whereas ODFM was about being able to instruct generation to reduce output in specific circumstances.

As discussed throughout, the Sizewell contract gave a single action which provided cost and operational benefits in managing the networks during uncertain times.

Q2 Have flexibility trials for battery storage proved successful and how does it affect future delivery commitments for next year?

Answer:

We will be publishing our review of the reserve from BM storage trial and we will engage the industry on next steps. These findings will also feed into wider reserve reform.

Q3 When first communicating the possible £500m increase in BSUOS costs it caused the market to panic. This may have been better delivered as a range of outcomes.

Answer:

We acknowledge the feedback about the way information was shared and communicated with the market. As will be appreciated, there was a high level of uncertainty around the effects of COVID-19 and the lockdown arrangements that were imposed. The March forecast for BSUoS was produced before lockdown had been announced and come into effect. The April forecast was produced as normal and followed by an extreme weather/ expected weather forecast bringing in the learning we saw as we started to observe the effects of low demand on costs. In May we produced two forecasts, one to include the effects of the new services, ODFM and the Sizewell de-load contract, and one without. In June, we had sufficient knowledge from the data gathered through the previous months to produce a range of scenario forecasts. From October, we saw the scenario forecasts converge and so moved to a single forecast once again.

Role 2

Q1 Will the ESO support extended period of industry consultation under code changes and review the 3 week period consultation requirement to maximize engagement?

Answer:

Changes to our codes undergo a consultation with a minimum of 3 weeks which is open to all interested parties across industry to respond and make their views heard. The appropriate consultation length is a balance between giving parties opportunity to respond and the speed of progressing each change. We consider 3 weeks to be an appropriate balance but are interested to talk with any parties that are struggling to engage with the change process due to consultation lengths or any other reasons: please contact us at code.administrator@nationalgrideso.com.

Q2 SOGL Article 154 sets frequency containment response minimum tech requirement which all providers must meet - does Dynamic Containment fully comply with that?

Answer:

Prior to launching Dynamic Containment, we reviewed all regulatory requirements and have structured testing to ensure that providers can meet the minimum technical requirements as set out in SOGL Article 154. Dynamic Containment is compliant to all relevant obligations.

Role 3

Q1 Whole system solutions will require better decision making processes e.g. through 'six capitals' appraisals. Can you discuss how you are improving appraisals?

Answer:

Comparison of whole system solutions will increasingly need to consider cross sector implications, and decision making processes such as cost benefit analyses will need to evolve to keep pace with this broader requirement. To that end, we are leading work within the ENA Open Networks Whole Energy System workstream to develop a whole system CBA. This work will result in a transparent methodology that will allow comparison of whole system solutions across the gas and electricity sectors.